Distr.
LIMITED

TD/TIMBER.2/L.9
25 January 1994

Original: ENGLISH

UNITED NATIONS CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983
Fourth part
Geneva, 10 January 1994
Agenda item 8

PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983

DRAFT INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994

GE.94-50366

INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994

CONTENTS

Article		Page
PREAMBLE		4
	CHAPTER I. OBJECTIVES	
1.	Objectives	5
	CHAPTER II. DEFINITIONS	
2.	Definitions	7
	CHAPTER III. ORGANIZATION AND ADMINISTRATION	
3.	Headquarters and structure of the International Tropical Timber Organization	8
4.	Membership in the Organization	9
5.	Membership by intergovernmental organizations	9
	CHAPTER IV. INTERNATIONAL TROPICAL TIMBER COUNCIL	
6.	Composition of the International Tropical Timber Council	9
7.	Powers and functions of the Council	10
8.	Chairman and Vice-Chairman of the Council	10
9.	Sessions of the Council	11
10.	Distribution of votes	11
11.	Voting procedure of the Council	13
12.	Decisions and recommendations of the Council	13
13.	Quorum for the Council	13
14.	Cooperation and coordination with other organizations	14
15.	Admission of observers	14
16.	Executive Director and staff	14
	CHAPTER V. PRIVILEGES AND IMMUNITIES	
17.	Privileges and immunities	15
	CHAPTER VI. FINANCE	
18.	Financial accounts	16
19.	Administrative Account	17
20.	Special Account	18
21.	The Bali Partnership Fund	20
22	Forms of payment	21
23.	Audit and publication of accounts	21
	CHAPTER VII. OPERATIONAL ACTIVITIES	
24	Policy work of the Organization	21
25.	Project activities of the Organization	22
26.	Establishment of Committees	23
27.	Functions of the Committees	23
	CHAPTER VIII. RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES	

28. Relationship with the Common Fund for Commodities 27

CHAPTER IX. STATISTICS, STUDIES AND INFORMATION

29. Statistics, studies and information 27
30. Annual report and review 28

CHAPTER X. Miscellaneous

31. Complaints and disputes 29
32. General obligations of members 29
33. Relief from obligations 29
34. Differential and remedial measures and special measures . . . 30
35. Review 30
36. Non-discrimination 30

CHAPTER XI. FINAL PROVISIONS

37 Depositary 30
38. Signature, ratification, acceptance and approval 31
39. Accession 31
40. Notification of provisional application 31
41. Entry into force 32
42. Amendments 33
43. Withdrawal 34
44. Exclusion 34
45. Settlement of accounts with withdrawing or excluded members or members unable to accept an amendment 34
46. Duration, extension and termination 35
47. Reservations 36
48. Supplementary and transitional provisions 36

ANNEXES

A. List of producing countries with tropical forest resources and/or net exporters of tropical timber in volume terms, and allocation of votes for the purposes of article 41.

B. List of consuming countries and allocation of votes for the purposes of article 41.

Preamble

The Parties to this Agreement,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order; the Integrated Programme for Commodities; the New Partnership for Development: the Cartagena Commitment and the relevant objectives contained in the Spirit of Cartagena,

Recalling the International Tropical Timber Agreement, 1983, and recognizing the work of the International Tropical Timber Organization and its achievements since its inception, including a strategy for achieving international trade in tropical timber from sustainably managed sources,

Recalling further the Rio Declaration on Environment and Development, the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, and the relevant Chapters of Agenda 21 as adopted by the United Nations Conference on Environment and Development in June 1992, in Rio de Janeiro; the United Nations Framework Convention on Climate Change; and the Convention on Biological Diversity,

Recognizing the importance of timber to the economies of countries with timber producing forests,

Further recognizing the need to promote and apply comparable and appropriate guidelines and criteria for the management, conservation and sustainable development of all types of timber producing forests,

Taking into account the linkages of tropical timber trade and the international timber market and the need for taking a global perspective in order to improve transparency in the international timber market,

Noting the commitment of all members, made in Bali, Indonesia, in May 1990, to achieve exports of tropical timber products from sustainably managed sources by the year 2000 and recognizing Principle 10 of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests which states that new and additional financial resources should be provided to developing countries to enable them to sustainably manage, conserve and develop their forests, including through afforestation, reforestation and combatting deforestation and forest and land

degradation,

Noting also the statement of commitment to maintain, or achieve by the year 2000, the sustainable management of their respective forests made by consuming members who are parties to the International Tropical Timber Agreement, 1983 at the fourth session of the United Nations Conference for the Negotiation of a successor agreement to the International Tropical Timber Agreement, 1983 in Geneva on the 21 January 1994,

Desiring to strengthen the framework of international cooperation and policy development between members in finding solutions to the problems facing the tropical timber economy,

Have agreed as follows:

CHAPTER I. OBJECTIVES

Article 1

Objectives

Recognizing the sovereignty of members over their natural resources, as defined in Principle 1 (a) of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, the objectives of the International Tropical Timber Agreement, 1994 (hereinafter referred to as "this Agreement") are:

(a) To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;

(b) To provide a forum for consultation to promote non-discriminatory timber trade practices;

(c) To contribute to the process of sustainable development;

(d) To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;

(e) To promote the expansion and diversification of international trade in tropical timber from sustainable sources by improving the structural conditions in international markets, by taking into account, on the one hand, a long term increase in consumption and continuity of supplies, and, on the other, prices which reflect the costs of sustainable forest management and which are remunerative and equitable for members, and the improvement of market access;

(f) To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;

(g) To develop and contribute towards mechanisms for the provision of new and additional financial resources and expertise needed to enhance the capacity of producing members to attain the objectives of this Agreement;

(h) To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded;

(i) To promote increased and further processing of tropical timber from sustainable sources in producing member countries with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;

(j) To encourage members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regard for the interests of local communities dependent on forest resources;

(k) To improve marketing and distribution of tropical timber exports from sustainably managed sources;

(l) To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their

genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade;

(m) To promote the access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed; and

(n) To encourage information-sharing on the international timber market.

CHAPTER II. DEFINITIONS

Article 2
Definitions

For the purposes of this Agreement:

(1) "Tropical timber" means non-coniferous tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn. The term covers logs, sawnwood, veneer sheets and plywood. Plywood which includes in some measure conifers of tropical origin shall also be covered by this definition;

(2) "Further processing" means the transformation of logs into primary wood products, semi-finished and finished products made wholly or almost wholly of tropical timber;

(3) "Member" means a Government or an intergovernmental organization referred to in article 5 which has consented to be bound by this Agreement whether it is in force provisionally or definitively;

(4) "Producing member" means any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is listed in annex A and which becomes a party to this Agreement, or any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is not so listed and which becomes a party to this Agreement and which the Council, with the consent of that country, declares to be a producing member;

(5) "Consuming member" means any country listed in annex B which becomes a party to this Agreement, or any country not so listed which becomes a party to this

Agreement and which the Council, with the consent of that country, declares to be a consuming member;

(6) "Organization" means the International Tropical Timber Organization established in accordance with article 3;

(7) "Council" means the International Tropical Timber Council established in accordance with article 6;

(8) "Special vote" means a vote requiring a least two thirds of the votes cast by producing members present and voting and at least 60 per cent of the votes cast by consuming members present and voting, counted separately, on condition that these votes are cast by at least half of the producing members present and voting and at least half of the consuming members present and voting;

(9) "Simple distributed majority vote" means a vote requiring more than half of the votes cast by producing members present and voting and more than half of the votes cast by consuming members present and voting, counted separately;

(10) "Financial year" means the period from 1 January to 31 December inclusive;

(11) "Freely usable currencies" means the deutsche mark , the French franc, the Japanese yen, the pound sterling, the United States dollar and any other currency which has been designated from time to time by a competent international monetary organization as being in fact widely used to make payments for international transactions and widely traded in the principal exchange markets.

CHAPTER III. ORGANIZATION AND ADMINISTRATION

Article 3

Headquarters and structure of the International Tropical Timber Organization

1. The International Tropical Timber Organization established by the International Tropical Timber Agreement, 1983 shall continue in being for the purposes of administering the provisions and supervising the operation of this Agreement.

2. The Organization shall function through the Council established under

article 6, the committees and other subsidiary bodies referred to in article 26 and the Executive Director and staff.

3. The headquarters of the Organization shall be in Yokohama, unless the Council, by special vote, decides otherwise.

4. The headquarters of the Organization shall at all times be located in the territory of a member.

Article 4
Membership in the Organization

There shall be two categories of membership in the Organization, namely:

(a) Producing; and

(b) Consuming.

Article 5
Membership by intergovernmental organizations

1. Any reference in this Agreement to "Governments" shall be construed as including the European Community and any other intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of voting on matters within their competence, such intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their member States in accordance with article 10. In such cases, the member States of such intergovernmental organizations shall not be entitled to exercise their individual voting rights.

CHAPTER IV. INTERNATIONAL TROPICAL TIMBER COUNCIL

Article 6
Composition of the International Tropical Timber Council

1. The highest authority of the Organization shall be the International Tropical Timber Council, which shall consist of all the members of the Organization.

2. Each member shall be represented in the Council by one representative and may designate alternates and advisers to attend sessions of the Council.

3. An alternate representative shall be empowered to act and vote on behalf of the representative during the latter's absence or in special circumstances.

Article 7
Powers and functions of the Council

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement.

2. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and as are consistent therewith, including its own rules of procedure and the financial rules and staff regulations of the Organization. Such financial rules regulations shall, *inter alia*, govern the receipt and expenditure of funds under the Administrative Account, the Special Account and the Bali Partnership Fund. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.

3. The Council shall keep such records as are required for the performance of its functions under this Agreement.

Article 8
Chairman and Vice-Chairman of the Council

1. The Council shall elect for each calendar year a Chairman and a Vice-Chairman, whose salaries shall not be paid by the Organization.

2. The Chairman and the Vice-Chairman shall be elected, one from among the representatives of producing members and the other from among the representatives of consuming members. These offices shall alternate each year between the two

categories of members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances, by special vote of the Council.

3. In the temporary absence of the Chairman, the Vice-Chairman shall act in his place. In the temporary absence of both the Chairman and the Vice-Chairman, or in the absence of one or both of them for the rest of the term for which they were elected, the Council may elect new officers from among the representatives of the producing members and/or from among the representatives of the consuming members, as the case may be, on a temporary basis or for the rest of the term for which the predecessor or predecessors were elected.

Article 9
Sessions of the Council

1. As a general rule, the Council shall hold at least one regular session a year.

2. The Council shall meet in special session whenever it so decides or at the request of:

(a) The Executive Director, in agreement with the Chairman of the Council; or

(b) A majority of producing members or a majority of consuming members; or

(c) Members holding at least 500 votes.

3. Sessions of the Council shall be held at the headquarters of the Organization unless the Council, by special vote, decides otherwise. If on the invitation of any member the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional cost of holding the meeting away from headquarters.

4. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director at least six weeks in advance, except in cases of emergency, when notice shall be communicated at least seven days in advance.

Article 10
Distribution of votes

1. The producing members shall together hold 1,000 votes and the consuming members shall together hold 1,000 votes.

2. The votes of the producing members shall be distributed as follows:

(a) Four hundred votes shall be distributed equally among the three producing regions of Africa, Asia-Pacific and Latin America. The votes thus allocated to each of these regions shall then be distributed equally among the producing members of that region;

(b) Three hundred votes shall be distributed among the producing members

in accordance with their respective shares of the total tropical forest resources of all producing members; and

(c) Three hundred votes shall be distributed among the producing members in proportion to the average of the values of their respective net exports of tropical timber during the most recent three-year period for which definitive figures are available.

3. Notwithstanding the provisions of paragraph 2 of this article, the total votes allocated to the producing members from the African region, calculated in accordance with paragraph 2 of this article, shall be distributed equally among all producing members from the African region. If there are any remaining votes, each of these votes shall be allocated to a producing member from the African region: the first to the producing member which is allocated the highest number of votes calculated in accordance with paragraph 2 of this article, the second to the producing member which is allocated the second highest number of votes, and so on until all the remaining votes have been distributed.

4. For purposes of the calculation of the distribution of votes under paragraph 2 (b) of this article, "tropical forest resources" means productive closed broadleaved forests as defined by the Food and Agriculture Organization (FAO).

5. The votes of the consuming members shall be distributed as follows: each consuming member shall have 10 initial votes: the remaining votes shall be distributed among the consuming members in proportion to the average volume of their respective net imports of tropical timber during the three-year period commencing four calendar years prior to the distribution of votes.

6. The Council shall distribute the votes for each financial year at the beginning of its first session of that year in accordance with the provisions of this article. Such distribution shall remain in effect for the rest of that year, except as provided for in paragraph 7 of this article.

7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this article. The Council shall, in that event, decide when such redistribution shall become effective.

8. There shall be no fractional votes.

Article 11
Voting procedure of the Council

1. Each member shall be entitled to cast the number of votes it holds and no member shall be entitled to divide its votes. A member may, however, cast differently from such votes any votes which it is authorized to cast under paragraph 2 of this article.

2. By written notification to the Chairman of the Council, any producing member may authorize, under its own responsibility, any other producing member, and any consuming member may authorize, under its own responsibility, any other consuming member, to represent its interests and to cast its votes at any meeting of the Council.

3. When abstaining, a member shall be deemed not to have cast its votes.

Article 12
Decisions and recommendations of the Council

1. The Council shall endeavour to take all decisions and to make all recommendations by consensus. If consensus cannot be reached, the Council shall take all decisions and make all recommendations by a simple distributed majority vote, unless this Agreement provides for a special vote.

2. Where a member avails itself of the provisions of article 11, paragraph 2, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this article, be considered as present and voting.

Article 13
Quorum for the Council

1. The quorum for any meeting of the Council shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold at least two thirds of the total votes in their respective categories.

2. If there is no quorum in accordance with paragraph 1 of this article on the day fixed for the meeting and on the following day, the quorum on the subsequent days of the session shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold a majority of the total votes in their respective categories.

3. Representation in accordance with article 11, paragraph 2, shall be considered as presence.

Article 14
Cooperation and co-ordination with other organizations

1. The Council shall make arrangements as appropriate for consultations and cooperation with the United Nations and its organs, including the United Nations Conference on Trade and Development (UNCTAD) and the Commission on Sustainable Development (CSD), intergovernmental organizations, including the General Agreement on Tariffs and Trade (GATT) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and non-governmental organizations.

2. The Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of existing intergovernmental, governmental or non-governmental organizations, in order to avoid duplication of efforts in achieving the objectives of this Agreement and to enhance the complementarity and the efficiency of their activities.

Article 15
Admission of observers

The Council may invite any non-member Government or any of the organizations referred to in article 14, article 20 and article 29, interested in the activities of the Organization to attend as observers any of the meetings of the Council.

Article 16
Executive Director and staff

1. The Council shall, by special vote, appoint the Executive Director.

2. The terms and conditions of appointment of the Executive Director shall be determined by the Council.

3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with decisions of the Council.

4. The Executive Director shall appoint the staff in accordance with regulations to be established by the Council. The Council shall, by special vote, decide the number of executive and professional staff the Executive Director may appoint. Any changes in the number of executive and professional staff shall be decided by the Council by special vote. The staff shall be responsible to the Executive Director.

5. Neither the Executive Director nor any member of the staff shall have any financial interest in the timber industry or trade, or associated commercial activities.

6. In the performance of their duties, the Executive Director and staff shall not seek or receive instructions from any member or from any authority external to the Organization. They shall refrain from any action which might reflect adversely on their positions as international officials ultimately responsible to the Council. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and staff and shall not seek to influence them in the discharge of their responsibilities.

CHAPTER V. PRIVILEGES AND IMMUNITIES

Article 17

Privileges and immunities

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, to acquire and dispose of movable and immovable property, and to institute legal proceedings.

2. The status, privileges and immunities of the Organization, of its Executive Director, its staff and experts, and of representatives of members while in the territory of Japan shall continue to be governed by the Headquarters Agreement between the Government of Japan and the International Tropical Timber Organization signed at Tokyo on 27 February 1988, with such amendments as may be necessary for the proper functioning of this Agreement.

3. The Organization may conclude, with one or more countries, agreements to be approved by the Council relating to such capacity, privileges and immunities as may be necessary for the proper functioning of this Agreement.

4. If the headquarters of the Organization is moved to another country, the member in question shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council. Pending the conclusion of such an Agreement, the Organization shall request the new host Government to grant, within the limits of its national legislation, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.

5. The Headquarters Agreement shall be independent of this Agreement. It shall, however, terminate:

(a) By agreement between the host Government and the Organization;

(b) In the event of the headquarters of the Organization being moved from the country of the host Government; or

(c) In the event of the Organization ceasing to exist.

CHAPTER VI. FINANCE

Article 18
Financial accounts

1. There shall be established:

(a) The Administrative Account;
(b) The Special Account;
(c) The Bali Partnership Fund; and
(d) Such other accounts as the Council shall deem appropriate and necessary.

2. The Executive Director shall be responsible for the administration of these accounts and the Council shall make provision therefor in the financial rules of the Organization.

Article 19
Administrative Account

1. The expenses necessary for the administration of this Agreement shall be brought into the Administrative Account and shall be met by annual contributions paid by members in accordance with their respective constitutional or institutional procedures and assessed in accordance with paragraphs 3, 4 and 5 of this article.

2. The expenses of delegations to the Council, the committees and any other subsidiary bodies of the Council referred to in article 26 shall be met by the members concerned. In cases where a member requests special services from the Organization, the Council shall require that member to pay the costs of such services.

3. Before the end of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year and shall assess the contribution of each member to that budget.

4. The contribution of each member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the members. In assessing contributions, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.

5. The initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial year, but the assessment made upon other members from the current financial year shall not thereby be altered.

6. Contributions to administrative budgets shall become due on the first day of each financial year. Contributions of members in respect of the financial year in which they join the Organization shall be due on the date on which they become members.

7. If a member has not paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the Executive Director shall request that member to make payment as quickly as possible. If that member has still not paid its contribution within two months after such request, that member shall be requested to state the reasons for its inability to make payment. If at the expiry of seven months from the due date of contribution, that member has still not paid its contribution, its voting rights shall be suspended until such time as it has paid in full its contribution, unless the Council, by special vote, decides otherwise. If, on the contrary, a member has paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the member's contribution shall receive a discount as may be established by the Council in the financial rules of the Organization.

8. A member whose rights have been suspended under paragraph 7 of this article shall remain liable to pay its contribution.

Article 20
Special Account

1. There shall be established two sub-accounts under the Special Account:
(a) The Pre-Project Sub-Account; and
(b) The Project Sub-Account.

2. The possible sources of finance for the Special Account may be:
(a) The Common Fund for Commodities;
(b) Regional and international financial institutions; and
(c) Voluntary contributions.

3. The resources of the Special Account shall be used only for approved pre-projects or projects.

4. All expenditures under the Pre-Project Sub-Account shall be reimbursed from the Project Sub-Account if projects are subsequently approved and funded. If within six months of the entry into force of this Agreement the Council does not receive any funds for the Pre-Project Sub-Account, it shall review the situation and take appropriate action.

5. All receipts pertaining to specific identifiable pre-projects or projects under the Special Account shall be brought into that Account. All expenditures incurred on such pre-projects or projects, including remuneration and travel expenses of consultants and experts, shall be charged to the same Account.

6. The Council shall, by special vote, establish terms and conditions on which it would, when and where appropriate, sponsor projects for loan financing, where a member or members have voluntarily assumed full obligations and responsibilities for such loans. The Organization shall have no obligations for such loans.

7. The Council may nominate and sponsor any entity with the consent of that entity, including a member or members, to receive loans for the financing of approved projects and to undertake all the obligations involved, except that the Organization shall reserve to itself the right to monitor the use of resources and to follow up on the implementation of projects so financed. However, the Organization shall not be responsible for guarantees voluntarily provided by individual members or other entities.

8. No member shall be responsible by reason of its membership in the Organization for any liability arising from borrowing or lending by any other member or entity in connection with projects.

9. In the event that voluntary unearmarked funds are offered to the Organization, the Council may accept such funds. Such funds may be utilized for approved pre-projects and projects.

10. The Executive Director shall endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for pre-projects and projects approved by the Council.

11. Contributions for specified approved projects shall be used only for the projects for which they were originally intended, unless otherwise decided by the Council in agreement with the contributor. After the completion of a project, the Organization shall return to each contributor for specific projects the balance of any funds remaining *pro rata* to each contributor's share in the total of the contributions originally made available for financing that project, unless otherwise agreed to by the contributor.

Article 21
The Bali Partnership Fund

1. A Fund for sustainable management of tropical timber producing forests is hereby established to assist producing members to make the investments necessary to achieve the objective of article 1 (d) of this Agreement.

2. The Fund shall be constituted by:

(a) Contributions from donor members;

(b) Fifty per cent of income earned as a result of activities related to the Special Account;

(c) Resources from other private and public sources which the Organization may accept consistent with its financial rules.

3. Resources of the Fund shall be allocated by the Council only for pre-projects and projects for the purpose set out in paragraph 1 of this article and approved in accordance with article 25.

4. In allocating resources of the Fund, the Council shall take into account:

(a) The special needs of members whose forestry sectors' contribution to their economies is adversely affected by the implementation of the strategy for achieving the exports of tropical timber and timber products from sustainably managed sources by the year 2000;

(b) The needs of members with significant forest areas who establish conservation programmes in timber producing forests.

5. The Council shall examine annually the adequacy of the resources available to the Fund and endeavour to obtain additional resources needed by producing members to achieve the purpose of the Fund. The ability of members to implement the strategy referred to in paragraph 4 (a) of this article will be influenced by the availability of resources.

6. The Council shall establish policies and financial rules for the operation

of the Fund, including rules covering the settlement of accounts on termination or expiry of this Agreement.

Article 22
Forms of payment

1. Contributions to the Administrative Account shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

2. Financial contributions to the Special Account and the Bali Partnership Fund shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

3. The Council may also decide to accept other forms of contributions to the Special Account or the Bali Partnership Fund, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

Article 23
Audit and publication of accounts

1. The Council shall appoint independent auditors for the purpose of auditing the accounts of the Organization.

2. Independently audited statements of the Administrative Account, of the Special Account, and of the Bali Partnership Fund shall be made available to members as soon as possible after the close of each financial year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.

CHAPTER VII. OPERATIONAL ACTIVITIES

Article 24
Policy work of the Organization

In order to achieve the objectives set out in article 1, the Organization shall undertake policy work and project activities in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry, in a balanced manner, to the extent possible integrating policy work and

project activities.

Article 25
Project activities of the Organization

1. Bearing in mind the needs of developing countries, members may submit pre-project and project proposals to the Council in the fields of research and development, market intelligence, further and increased wood processing in producing member countries, and reforestation and forest management. Pre-projects and projects should contribute to the achievement of one or more of the objectives of this Agreement.

2. The Council, in approving pre-projects and projects, shall take into account:

(a) their relevance to the objectives of this Agreement;
(b) their environmental and social effects;
(c) the desirability of maintaining an appropriate geographical balance;
(d) the interests and characteristics of each of the developing producing regions;
(e) the desirability of equitable distribution of resources among the fields referred to in paragraph 1 of this article;
(f) Their cost-effectiveness; and
(g) the need to avoid duplication of efforts.

3. The Council shall establish a schedule and procedure for submitting, appraising, and prioritizing pre-projects and projects seeking funding from the Organization, as well as for their implementation, monitoring and evaluation. The Council shall decide on the approval of pre-projects and projects for financing or sponsorship in accordance with article 20 or article 21.

4. The Executive Director may suspend disbursement of the Organization's funds to a pre-project or project if they are being used contrary to the project document or in cases of fraud, waste, neglect or mismanagement. The Executive Director will provide to the Council at its next session a report for its consideration. The Council shall take appropriate action.

5. The Council may, by special vote, terminate its sponsorship of any pre-project or project.

Article 26
Establishment of Committees

1. The following are hereby established as Committees of the Organization:

(a) Committee on Economic Information and Market Intelligence;
(b) Committee on Reforestation and Forest Management;
(c) Committee on Forest Industry; and
(d) Committee on Finance and Administration.

2. The Council may, by special vote, establish such other committees and subsidiary bodies as it deems appropriate and necessary.

3. Participation in each of the committees shall be open to all members. The rules of procedure of the committees shall be decided by the Council.

4. The committees and subsidiary bodies referred to in paragraphs 1 and 2 of this article shall be responsible to, and work under the general direction of, the Council. Meetings of the committees and subsidiary bodies shall be convened by the Council.

Article 27
Functions of the Committees

1. The Committee on Economic Information and Market Intelligence shall:

(a) Keep under review the availability and quality of statistics and other information required by the Organization;

(b) Analyze the statistical data and specific indicators as decided by the Council for the monitoring of international timber trade;

(c) Keep under continuous review the international timber market, its current situation and short-term prospects on the basis of the data mentioned in sub-paragraph (b) above and other relevant information, including information related to undocumented trade;

(d) Make recommendations to the Council on the need for, and nature of, appropriate studies on tropical timber, including prices, market elasticity, market substitutability, marketing of new products, and long-term prospects of the international tropical timber market, and monitor and review any studies commissioned by the Council;

(e) Carry out any other tasks related to the economic, technical and statistical aspects of timber assigned to it by the Council;

(f) Assist in the provision of technical cooperation to developing member countries to improve their relevant statistical services.

2. The Committee on Reforestation and Forest Management shall:

(a) Promote cooperation between members as partners in development of forest activities in member countries, inter alia, in the following areas:

(i) Reforestation;
(ii) Rehabilitation;
(iii) Forest management;

(b) Encourage the increase of technical assistance and transfer of technology in the fields of reforestation and forest management to developing countries;

(c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;

(d) Review regularly the future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of reforestation, rehabilitation and forest management;

(e) Facilitate the transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;

(f) Co-ordinate and harmonize these activities for cooperation in the field of reforestation and forest management with relevant activities pursued elsewhere, such as those under the auspices of the Food and Agricultural Organization (FAO), the United Nations Environmental Programme (UNEP), the World Bank, the United Nations Development Programme (UNDP), regional development banks and other competent organizations.

3. The Committee on Forest Industry shall:

(a) Promote cooperation between member countries as partners in the development of processing activities in producing member countries, *inter alia*, in the following areas:

(i) Product development through transfer of technology;
(ii) Human resources development and training;
(iii) Standardization of nomenclature of tropical timber;
(iv) Harmonization of specifications of processed products;
(v) Encouragement of investment and joint ventures; and
(vi) Marketing including the promotion of lesser known and lesser used species;

(b) Promote the exchange of information in order to facilitate structural changes involved in increased and further processing in the interests of all member countries, in particular developing member countries;

(c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;

(d) Encourage the increase of technical cooperation for the processing of tropical timber for the benefit of producing member countries.

4. In order to promote the policy and project work of the Organization in a balanced manner the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management and the Committee on Forest Industry shall each:

(a) Be responsible for ensuring the effective appraisal, monitoring and evaluation of pre-projects and projects;

(b) Make recommendations to the Council relating to pre-projects and projects;

(c) Follow up the implementation of pre-projects and projects and provide for the collection and dissemination of their results as widely as possible for the benefit of all members;

(d) Develop and advance policy ideas to the Council;

(e) Review regularly the results of project and policy work and make recommendations to the Council on the future of the Organization's programme;

(f) Review regularly the strategies, criteria and priority areas for programme development and project work contained in the Organization's Action Plan and recommend revisions to the Council;

(g) Take account of the need to strengthen capacity building and human resource development in member countries;

(h) Carry out any other task related to the objectives of this Agreement assigned to them by the Council.

5. Research and development shall be a common function of the Committees referred to in paragraphs 1, 2, and 3 of this article.

6. The Committee on Finance and Administration shall:

(a) Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals and the management operations of the Organization;

(b) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry on its work;

(c) Examine and make recommendations to the Council on the budgetary

implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it;

(d) Recommend to the Council the choice of independent auditors and review the independent audited statements;

(e) Recommend to the Council any modifications it may judge necessary to the Rules of Procedure or the Financial Rules;

(f) Review the Organization's revenues and the extent to which they constrain the work of the Secretariat;

CHAPTER VIII. RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

Article 28
Relationship with the Common Fund for Commodities

The Organization shall take full advantage of the facilities of the Common Fund for Commodities.

CHAPTER IX. STATISTICS, STUDIES AND INFORMATION

Article 29
Statistics, studies and information

1. The Council shall establish close relationships with relevant intergovernmental, governmental and non-governmental organizations, in order to help ensure the availability of recent reliable data and information on the trade in tropical timber, as well as relevant information on non-tropical timber and on the management of timber producing forests. As deemed necessary for the operation of this Agreement, the Organization, in cooperation with such organizations, shall compile, collate and, where relevant, publish statistical information on production, supply, trade, stocks, consumption and market prices of timber, the extent of timber resources and the management of timber producing forests.

2. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within a reasonable time, statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as well as other relevant information as requested by the Council. The Council shall decide on the type of information to be provided under this paragraph and on the format in which it is to be presented.

3. The Council shall arrange to have any relevant studies undertaken of the trends and of short and long-term problems of the international timber markets and of the progress towards the achievement of sustainable management of timber producing forests.

Article 30
Annual report and review

1. The Council shall, within six months after the close of each calendar year, publish an annual report on its activities and such other information as it considers appropriate.

2. The Council shall annually review and assess:

(a) The international timber situation;

(b) Other factors, issues and developments considered relevant to achieve the objectives of this Agreement.

3. The review shall be carried out in the light of:

(a) Information supplied by members in relation to national production, trade, supply, stocks, consumption and prices of timber;

(b) Other statistical data and specific indicators provided by members as requested by the Council; and

(c) Information supplied by members on their progress towards the sustainable management of their timber producing forests;

(d) Such other relevant information as may be available to the Council either directly or through the organizations in the United Nations system and intergovernmental, governmental or non-governmental

organizations.

4. The Council shall promote the exchange of views among member countries regarding:

(a) The status of sustainable management of timber producing forests and related matters in member countries;

(b) Resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization.

5. Upon request, the Council shall endeavour to enhance the technical capacity of member countries, in particular developing member countries, to obtain the data necessary for adequate information-sharing, including the provision of resources for training and facilities to members.

6. The results of the review shall be included in the reports of the Council's deliberations.

CHAPTER X. MISCELLANEOUS

Article 31
Complaints and disputes

Any complaint that a member has failed to fulfil its obligations under this Agreement and any dispute concerning the interpretation or application of this Agreement shall be referred to the Council for decision. Decisions of the Council on these matters shall be final and binding.

Article 32
General obligations of members

1. Members shall, for the duration of this Agreement, use their best endeavours and cooperate to promote the attainment of its objectives and to avoid any action contrary thereto.

2. Members undertake to accept and carry out the decisions of the Council under the provisions of this Agreement and shall refrain from

implementing measures which would have the effect of limiting or running counter to them.

Article 33
Relief from obligations

1. Where it is necessary on account of exceptional circumstances or emergency or *force majeure* not expressly provided for in this Agreement, the Council may, by special vote, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.

2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted.

Article 34
Differential and remedial measures and special measures

1. Developing importing members whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential and remedial measures. The Council shall consider taking appropriate measures in accordance with section III, paragraphs 3 and 4, of resolution 93 (IV) of the United Nations Conference on Trade and Development.

2. Members in the category of least developed countries as defined by the United Nations may apply to the Council for special measures in accordance with section III, paragraph 4, of resolution 93 (IV) and with paragraphs 56 and 57 of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s.

Article 35
Review

The Council shall review the scope of this Agreement four years after its entry into force.

Article 36
Non-discrimination

Nothing in this Agreement authorizes the use of measures to restrict or ban international trade in, and in particular as they concern imports of and utilization of, timber and timber products.

CHAPTER XI. FINAL PROVISIONS

Article 37
Depositary

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

Article 38
Signature, ratification, acceptance and approval

1. This Agreement shall be open for signature, at United Nations Headquarters from 1 April 1994 until one month after the date of its entry into force, by Governments invited to the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983.

2. Any Government referred to in paragraph 1 of this article may:

(a) At the time of signing this Agreement, declare that by such signature it expresses its consent to be bound by this Agreement (definitive signature); or

(b) After signing this Agreement, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary.

Article 39
Accession

1. This Agreement shall be open for accession by the Governments of all states upon conditions established by the Council, which shall include a time-limit for the deposit of instruments of accession. The Council may, however, grant extensions of time to Governments which are unable to accede by the time-

limit set in the conditions of accession.

2. Accession shall be effected by the deposit of an instrument of accession with the depositary.

Article 40

Notification of provisional application

A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may, at any time, notify the depositary that it will apply this Agreement provisionally either when it enters into force in accordance with article 41, or, if it is already in force, at a specified date.

Article 41
Entry into force

1. This Agreement shall enter into force definitively on 1 February 1995 or on any date thereafter, if 12 Governments of producing countries holding at least 55 per cent of the total votes as set out in annex A to this Agreement, and 16 Governments of consuming countries holding at least 70 per cent of the total votes as set out in annex B to this Agreement have signed this Agreement definitively or have ratified, accepted or approved it or acceded thereto pursuant to article 38, paragraph 2, or article 39.

2. If this Agreement has not entered into force definitively on 1 February 1995, it shall enter into force provisionally on that date or on any date within six months thereafter, if, 10 Governments of producing countries holding at least 50 per cent of the total votes as set out in annex A to this Agreement, and 14 Governments of consuming countries holding at least 65 per cent of the total votes as set out in annex B to this Agreement, have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 38, paragraph 2, or have notified the depositary under article 40 that they will apply this Agreement provisionally.

3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on 1 September 1995, the Secretary-General of the United Nations shall invite those Governments which have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 38, paragraph 2, or have notified the depositary that they will apply this Agreement provisionally, to meet at the earliest time practicable to decide whether to put this Agreement into force provisionally or definitively among themselves in whole or in part. Governments which decide to put this Agreement into force provisionally among themselves may meet from time to time to review the situation and decide whether this Agreement shall enter into force definitively among themselves.

4. For any Government which has not notified the depositary under article 40 that it will apply this Agreement provisionally and which deposits its instrument of ratification, acceptance, approval or accession after the entry into force of this Agreement, this Agreement shall enter into force on the date of such deposit.

5. The Executive Director of the Organization shall convene the Council as soon as possible after the entry into force of this Agreement.

Article 42
Amendments

1. The Council may, by special vote, recommend an amendment of this Agreement to members.

2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.

3. An amendment shall enter into force 90 days after the depositary has received notifications of acceptance from members constituting at least two thirds of the producing members and accounting for at least 75 per cent of the votes of the producing members, and from members constituting at least two thirds of the consuming members and accounting for at least 75 per cent of the votes of the consuming members.

4. After the depositary informs the Council that the requirements for entry into force of the amendment have been met, and notwithstanding the provisions of paragraph 2 of this article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the entry into force of the amendment.

5. Any member which has not notified its acceptance of an amendment by the date on which such amendment enters into force shall cease to be a party to this Agreement as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures, and the Council decides to extend for that member the period for acceptance of the amendment. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

6. If the requirements for the entry into force of the amendment have not been met by the date fixed by the Council in accordance with paragraph 2 of this article, the amendment shall be considered withdrawn.

Article 43
Withdrawal

1. A member may withdraw from this Agreement at any time after the entry into force of this Agreement by giving written notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.

2. Withdrawal shall become effective 90 days after the notice is received by the depositary.

3. Financial obligations to the Organization incurred by a member under this Agreement shall not be terminated by its withdrawal.

Article 44
Exclusion

If the Council decides that any member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude that member from this Agreement. The Council shall immediately so notify the depositary. Six months after the date of the Council's decision, that member shall cease to be a party to this Agreement.

Article 45
Settlement of accounts with withdrawing or excluded members or members unable to accept an amendment

1. The Council shall determine any settlement of accounts with a member which ceases to be a party to this Agreement owing to:

(a) Non-acceptance of an amendment to this Agreement under article 42;

(b) Withdrawal from this Agreement under article 43; or

(c) Exclusion from this Agreement under article 44.

2. The Council shall retain any contribution paid to the Administrative Account, to the Special Account, or to the Bali Partnership Fund by a member which ceases to be a party to this Agreement.

3. A member which has ceased to be a party to this Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization. Nor shall such member be liable for payment of any part of the deficit, if any, of the Organization upon termination of this Agreement.

Article 46
Duration, extension and termination

1. This Agreement shall remain in force for a period of four years after its entry into force unless the Council, by special vote, decides to extend, renegotiate or terminate it in accordance with the provisions of this article.

2. The Council may, by special vote, decide to extend this Agreement for two periods of three years each.

3. If, before the expiry of the four-year period referred to in paragraph 1 of this article, or before the expiry of an extension period referred to in paragraph 2 of this article, as the case may be, a new agreement to replace this Agreement has been negotiated but has not yet entered into force either definitively or provisionally, the Council may, by special vote, extend this Agreement until the provisional or definitive entry into force of the new agreement.

4. If a new agreement is negotiated and enters into force during any period of extension of this Agreement under paragraph 2 or paragraph 3 of this article, this Agreement, as extended, shall terminate upon the entry into force of the new agreement.

5. The Council may at any time, by special vote, decide to terminate this Agreement with effect from such date as it may determine.

6. Notwithstanding the termination of this Agreement, the Council shall continue in being for a period not exceeding 18 months to carry out the liquidation of the Organization, including the settlement of accounts, and, subject to relevant decisions to be taken by special vote, shall have during

that period such powers and functions as may be necessary for these purposes.

7. The Council shall notify the depositary of any decision taken under this article.

Article 47
Reservations

Reservations may not be made with respect to any of the provisions of this Agreement.

Article 48
Supplementary and transitional provisions

1. This Agreement shall be the successor to the International Tropical Timber Agreement, 1983.

2. All acts by or on behalf of the Organization or any of its organs under the International Tropical Timber Agreement, 1983, which are in effect on the date of entry into force of this Agreement and the terms of which do not provide for expiry on that date shall remain in effect unless changed under the provisions of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have affixed their signatures under this Agreement on the dates indicated.

DONE at Geneva, on the twenty-six day of January, one thousand nine hundred and ninety-four, the text of this Agreement in the Arabic, Chinese, English, French, Russian and Spanish languages being equally authentic.

ANNEX A

List of producing countries with tropical forest resources and/or net exporters of tropical timber in volume terms, and allocation of votes for the purposes of article 41

Bolivia	21
Brazil	133
Cameroon	23
Colombia	24
Congo	23
Costa Rica	9
Côte d'Ivoire	23
Dominican Republic	9
Ecuador	14
El Salvador	9
Equatorial Guinea	23
Gabon	23
Ghana	23
Guyana	14
Honduras	9
India	34
Indonesia	170
Liberia	23
Malaysia	139
Mexico	14
Myanmar	33
Panama	10
Papua New Guinea	28
Paraguay	11
Peru	25
Philippines	25
Tanzania, United Republic of	23
Thailand	20
Togo	23
Trinidad & Tobago	9
Venezuela	10
Zaire	23
Total	1,000

ANNEX B

List of consuming countries and allocation of votes for the purposes of article 41

Afghanistan	10
Algeria	13
Australia	18
Austria	11
Bahrain	11
Bulgaria	10
Canada	12
Chile	10
China	36
Egypt	14
European Union	(302)
Belgium/Luxembourg	26
Denmark	11
France	44
Germany	35
Greece	13
Ireland	13
Italy	35
Netherlands	40
Portugal	18
Spain	25
United Kingdom	42
Finland	10
Japan	320
Nepal	10
New Zealand	10
Norway	10
Republic of Korea	97
Russian Federation	13
Slovakia	11
Sweden	10
Switzerland	11
United States of America	51
Total	1,000